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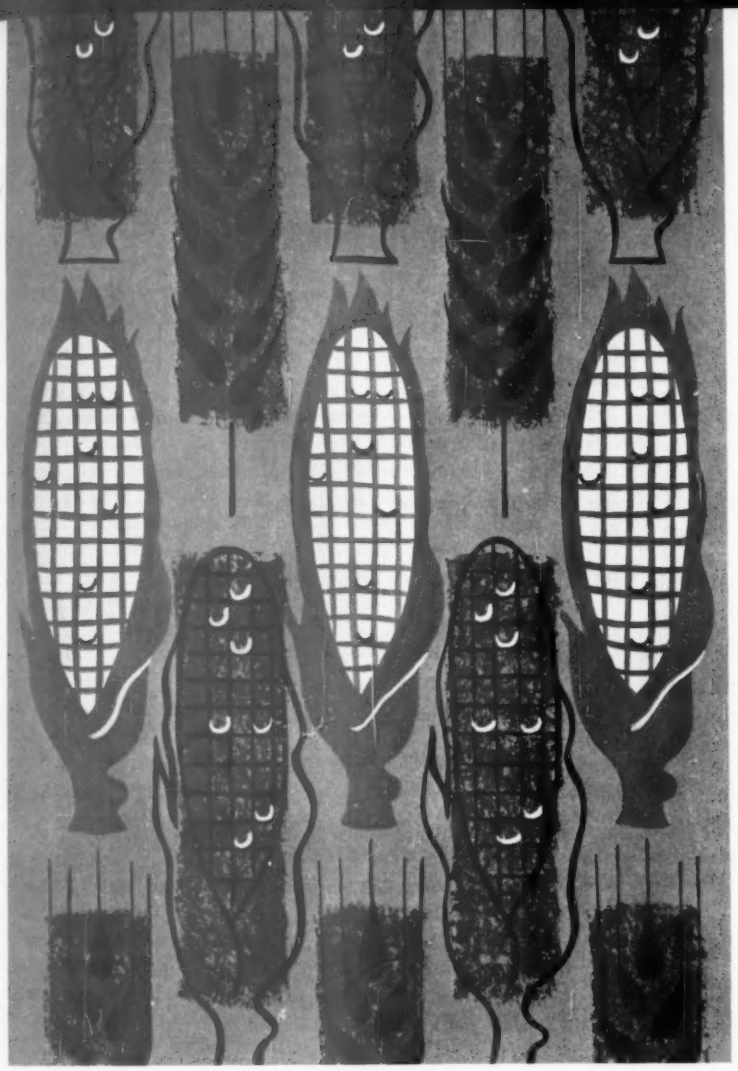

JANUARY 18, 1965

DANISH HOME MARKET SCHEME

ISRAEL'S FARM TRADE

THE IMPACT OF OUR MARKET DEVELOPMENT

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FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

A WEEKLY MAGAZINE OF THE UNITED STATES DEPARTMENT OF AGRICULTURE
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Including FOREIGN CROPS AND MARKETS

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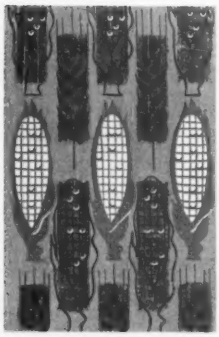

Feed grain trade in world markets should be active this year; output is below last year and use is on the increase. U.S. is main supplier (see page 5).

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Orville L. Freeman, Secretary of Agriculture

Dorothy H. Jacobson, Assistant Secretary for International Affairs

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Denmark's Two-Price System Supports Farm Income

The Home Market and Butter Schemes assure Danish farmers satisfactory incomes, even when prices in the foreign export markets decline.

By HAROLD L. KOELLER
U.S. Agricultural Attaché
Copenhagen

With about two-thirds of their production going into export channels, Danish farmers are extremely vulnerable to price fluctuations in the world agricultural market. To protect the incomes of these farmers during times of low export prices, Denmark has in effect today a two-price system for its major livestock products, under which higher prices are charged domestic consumers than are obtained for exports.

One of the country's support programs—the Home Market Scheme—was begun in October 1962. Patterned after an older scheme for butter, it covers the five major livestock products—beef, veal, pork, poultry meat, and eggs—which account for fourth-fifths of the country's income. It is financed through levies on domestic market sales, which go back to producers as supplementary payments.

Origin of the program

The Home Market Scheme was an outgrowth of a decline in farm income during 1961 and 1962, which was caused by low export prices for most livestock products coupled with rising production costs. During this time, industrial and other workers were enjoying better incomes, and farm leaders felt that farmers needed and deserved additional income support so that they might share in the economy's growing prosperity.

The stated aim of the act that set up this two-price system was to increase farmers' returns from sales of the five products by at least 200 million kroner (about $29 million) over returns received during the 1961-62 marketing year, ended June 30. This meant that an average fee of about 7 cents per pound would be required on domestic sales of the products. (The fee has since been increased to about 8 cents per lb. to allow for gains in farm costs.) The same basic fee was to be levied on all five products, so as not to disturb the existing domestic retail price relationships, even though there might not be an entirely equitable distribution of the funds among producers of the various products.

The actual amount collected at any given time is the difference between the current farm price and the sum of the base-year price and the base-year fee. If the farm price of a commodity rises above its base-year price and fee, the home-market fee is discontinued, and if this gain occurs because of high export prices, farmers will receive the export price for sales in the domestic market. During 1963-64, this happened for beef and veal. (And it also occurred for pork in some periods of that year.)

Operation of the System

Collection of the home-market fees is under the general supervision of the farm organizations, which have entrusted the operations to the nongovernmental export boards for the respective commodities. These boards include all processors and exporters but are usually dominated by the cooperatives, which control from 40 to 90 percent of the marketing of the livestock products.

The fee is added to the wholesale price charged by processing plants on sales to domestic wholesalers or retailers. It is shown separately from the price at this stage but not at the retail level.

The Home Market Act provides that the fees collected may be paid to the producers in the form of an annual bonus, or in any other suitable manner, but the farm organizations chose to distribute them as supplemental payments at the time of sale. By this method, a farmer receives income support without delay and in proportion to his volume of sales.

The payment is made on all products sold, whether destined for export or domestic consumption. The rate of payment is therefore considerably less than the fee the consumer must pay and bears about the same relation to the fee as domestic sales bear to total sales.

Calculation of fees and levies

In practice, the current home-market fee is calculated by subtracting the current farm price from the sum of the base-year farm price and fee. The rate of payment to producers is recommended by the appropriate export board, taking into account the ratio of domestic consumption to total output; it is then approved and announced by the Ministry of Agriculture.

In the case of poultry meat, for which domestic consumption is about 20 percent of production and exports 80 percent, the rate of payment to the producer is usually about one-fifth the fee collected per pound.

BASE PRICES, FEES, AND PAYMENTS TO PRODUCERS UNDER DANISH HOME MARKETING SCHEME

Item	Beef & veal	Pork	Poultry meat [1]	Eggs
	Cents per lb.	*Cents per lb.*	*Cents per lb.*	*Cents per lb.*
Base period farm price (1961-62 average)	25.0	24.9	19.9	18.9
Adjusted home market fee based on 1961-62 price	7.6	7.6	7.6	7.6
Total base period price plus fee	[2] 32.7	[3] 35.8	27.5	26.5
October 1964 farm price	39.6	27.9	18.2	17.6
October 1964 home market fee	0	7.9	9.2	8.9
Average payment to producers:				
1962-63 (Oct.-June	[4] .9	1.2	1.0	1.7
1963-64 (July-June)	[4 5] .2	.6	1.6	4.6
October 1964	0	1.1	1.7	7.0

[1] New York-dressed basis. [2] Includes 0.1 cent for administration. [3] Includes 3.3-cent fee for market promotion authorized by earlier legislation. [4] For cattle weighing 400-499 kilograms. [5] Only during July and August. Payment discontinued after August 28 when farm price exceeded base price and fee.

Annual report of the Farmers Union, 1963-64, and Oxexport.

The base-year prices shown in this table refer to the carcass weight of cattle and hogs and the New York-dressed weight of poultry. These are the basis for prices

Products shown here are supported under Denmark's two-price system. Top left, eggs being packed for shipment; left, inspecting Gouda cheese; above, bottling milk.

paid farmers in most cases. However, since cattle normally are sold by farmers on a live-weight basis, payments to farmers for cattle are made (when in effect) in lump sums, by type of calf or cattle and by size group.

Butter price scheme

A similar support scheme is that for butter—also an important export commodity.

The Butter Price Scheme is under control of the Dairy Office, the operating arm of the National Federation of Dairy Associations. There is no legislation authorizing the scheme but approval of the domestic Monopoly Board is required on the wholesale price of butter. Object of the scheme is to supplement the farm milk price in periods of low butter export prices and to encourage dairy farmers to continue in business.

Owing to higher costs, especially of labor, and the shortage of good dairy hands, quite a few dairy farmers have shifted to production of hogs only, or to cash grain farming. As a result, milk production has declined, this drop reflected in the inability of Denmark to fill its quota of butter for the British market during 1963-64.

The fees from the Butter Scheme are handled in about the same way as for the Home Market Scheme. However, a small part of the collections (about $1 million) is used for domestic market promotion.

Farmer payments from schemes

Since the inception of the Home Market Scheme (October 1, 1962, through June 30, 1964), the fees distributed to producers of beef, veal, pork, poultry, and eggs have totaled $46.6 million. Collections for the butter scheme since its inception in January 1, 1961, through June 30, 1964, have given dairy farmers an additional income of about $87 million. And these schemes together have provided some 183,000 farmers in Denmark with about $306 each in 1962-63 and $186 in 1963-64.

TOTAL PAYMENT RECEIVED BY DANISH FARMERS FROM THE HOME MARKET SCHEME AND THE BUTTER SCHEME

Item	1961-62	1962-63	1963-64
	Mil. dol.	*Mil. dol.*	*Mil. dol.*
Beef and pork	---	7.3	0.3
Pork	---	14.5	8.7
Poultry meat	---	1.7	2.2
Eggs	---	3.2	8.7
Butter	24.7	29.3	14.2
Total	24.7	56.0	34.1

Annual Report of the Farmers Union, 1963-64.

Other forms of assistance

The home-market and butter schemes are not the only income-support measures assisting Danish farmers. The first assistance was given in 1958, when guaranteed prices were established for domestically produced bread grains. Then, in 1961, after a rather successful farm delivery strike for high prices, the Danish Parliament passed the "Agricultural Marketing Act," which provided the first direct subsidization. This Act called for refunds of local real estate taxes; cash payments to farmers based on the size of farm and numbers of cows; funds for market promotion; and subsidies to reduce fertilizer prices.

Also included under government support programs are feed grains and rapeseed. Pork, in addition to being covered under the Home Market Scheme, receives support through a pork tax of 3.3 cents per pound on domestic sales.

Total assistance provided Danish farmers by government subsidies and by the various home market schemes amounted to about $545 per farmer in 1961-62, $770 in 1962-63, and $640 in 1963-64.

The Foreign Market for FEED GRAINS in FISCAL 1965

U.S. exports of feed grains during July-June 1964-65 appear pointed toward another record-breaking year. Shipments during the first 4 months of this fiscal year totaled 5.4 million metric tons as compared to 4.3 million tons for the same period in the previous year.

U.S. exports during 1963-64 are forecast at 16.9 million metric tons, up 5 percent from last year's exports of 16.1 million tons.

Corn exports are expected to continue the upward trend of the last several years and are forecast at 12.4 million tons. Sorghums are forecast at 2.9 million tons, near the 3.0 million tons of 1962-63. Barley exports are expected to continue the downward trend of recent years and are forecast at 1.4 million tons, while oats, forecast at 145,000 metric tons, are somewhat above last year's low shipments, which came to 82,900 tons.

Bigger sales to the EEC

U.S. exports to the European Economic Community are expected to be above those of last year, despite a record Community barley crop. Pasture conditions and hay production were not so good as they were last year in these countries, and the feed wheat supply is smaller than a year ago. These factors, together with the expanded livestock industry and increased feed manufacturing, should keep Community imports at a high level.

The greatest increase among the EEC countries will probably occur in West Germany. There, the potato crop was much reduced, pasture and hay production was below normal, and hog numbers are at a record high. Conversely, exports to Italy are expected to be below last year's level, primarily because of favorable domestic grain production and depressed prices of poultry and eggs. On the other hand, grain-feeding of cattle in Italy is growing rapidly and will tend to offset reduced feeding of poultry. Exports to Belgium-Luxembourg and the Netherlands should be above those of last year.

Prospects in U.K. and Spain

U.S. feed grain exports to the United Kingdom are expected to be below those of the previous year, for the second consecutive year. British barley production is up sharply from last year, as was the case a year ago. Mixed feed production in the United Kingdom, the largest in Europe, is expected to show less expansion during 1964-65 than in most other Western European countries. Poultry, dairy, and swine feeding is already at a high level; therefore the greatest expansion is expected in beef-cattle feeding.

Feed grain imports into Spain, the fastest growing market in Western Europe, should be sharply above those of last year. The Spanish grain crop, in contrast to harvests in the rest of Western Europe, is far below normal, and because of the poor crop and the dramatic growth in feed manufacturing and livestock feeding, Spain's feed grain import needs this year are estimated at 2 million metric tons. Supplies of barley from North Africa and corn from France are less available than last year. U.S. exports to Spain last year were 824,285 metric tons and should be above a million this year.

U.S. exports to other West European countries are expected to be above last year's level, with heaviest shipments to Denmark, Greece, and Ireland.

WORLD FEED GRAIN EXPORTS

Country	Average 1956-61	1961-62	1962-63	1963-64 [1]
	1,000 short tons	*1,000 short tons*	*1,000 short tons*	*1,000 short tons*
United States	10,823	16,252	16,928	17,793
Canada	1,980	1,208	764	1,408
Argentina	2,985	3,873	3,260	4,122
Australia	971	1,291	770	557
South Africa	1,077	1,902	2,542	1,916
France	1,074	2,360	1,379	3,646
USSR	903	1,802	1,920	568
Others	3,739	5,443	6,478	5,490
Total	23,552	34,131	34,041	35,500

[1] Preliminary.

Barley and corn production in Eastern Europe is above last year's level. Rumania will again be active in exports of grain to Western Europe. Soviet feed grain production is well above last year's poor crop, and some quantities will be available to supply East European needs. Consequently, Eastern Europe can be expected to import limited quantities of feed grains from the West.

Japan—our largest market

During 1963-64, Japan imported 4.4 million metric tons of feed grains, of which 2.5 million tons came from the United States, thus becoming the largest U.S. market for feed grains.

Japan last year produced 6.1 million tons of mixed feeds compared to 5.4 million tons for the previous year. This expansion is expected to continue, but at a somewhat slower rate. Industrialization in Japan, a dietary shift from fish to livestock products, and the restricted area for grain production have been responsible for rapid growth in feed manufacturing and feed grain imports; and the anticipated continuing growth of livestock production will soon make Japan the world's largest importer of feed grains.

U.S. exports to Japan during 1964-65 should exceed 2.8 million metric tons. In the first 4 months of this fiscal year U.S. exports of feed grains to Japan have totaled 1,103,600 metric tons as compared to 732,900 tons during the same period last year.

Active trade anticipated

Combined world production of corn, oats, and barley in 1964 is estimated at 331.7 million tons as compared to 338.6 million tons in 1963. No world production figure is available for grain sorghum. World corn and oat production is below last year's production by 7.5 million and 3.3

million tons respectively, while world barley production is up by 3.0 million tons.

With world feed grain production below last year's level and with utilization on the increase, world trade in feed grains should be quite active. In the expanding world feed grain market, the United States continues to be the principal feed grain source: in 1963-64, it supplied 53 percent of the feed grains moving in world trade.

What to expect from competitors

Feed grain export prospects for U.S. competitors for fiscal 1965 are variable. Canadian and South African shipments are likely to be below last year's level, while exports by Argentina, Thailand, and France are expected to increase.

Canadian feed grain production is lower than in previous years as a result of shifts in acreage from feed grains to wheat. Canadian feed grain exports last year were 1.15 million metric tons, double those of the previous year. It is anticipated that Canadian exports of feed grains will decline this year in favor of increased wheat exports and a smaller barley crop.

South African corn exports, which reached 2.7 million tons last year, as compared to 2.3 million tons in fiscal 1963, are expected to be markedly reduced this year because of a very poor harvest.

Corn production in Thailand is again at a record level of 980,000 metric tons, and the exportable surplus is estimated at 800,000 tons, most of which will go to Japan.

Argentine feed grain exports are expected to be considerably above those of last year. Last season's crops of both corn and barley were above average, and the grain sorghum crop is the best on record. Argentina is becoming a stronger factor in the world grain sorghum trade.

France has a barley export surplus of about 3 million tons, but its corn is sharply below last year's record.

Arab Common Market Now Links Five Mid-Eastern Nations

The movement toward economic integration is again at work—this time in the Middle East. On January 1, an Arab Common Market went into effect, bringing together economically the United Arab Republic (Egypt), Iraq, Kuwait, Jordan, and the Syrian Arab Republic.

This latest trade union, inspired by the European Economic Community and other similar groupings, provides for a lowering of trade barriers, free exchange of currency and skilled workers, and cooperative sharing of transportation facilities.

Except for Iraq and Kuwait where oil is a significant source of income, agriculture dominates the economies of the countries that make up the new Market, and agricultural exports are the big foreign exchange earners. The United Arab Republic ships abroad long-staple cotton, rice, onions, and citrus; there are others but these are the leaders. Bread grains, upland cotton, and livestock are the main agricultural items exported by Syria. Iraq is normally self-sufficient in wheat and in good years has sizable quantities of barley for export. Iraq also exports wool, hides and skins, and sausage casing, and is the world's largest exporter of dates. Jordan's farm exports are mainly limited to small quantities of fruits and vegetables.

Dependence on food imports

Three of the countries—the UAR, Jordan, and Kuwait—exist on a marginal level of agricultural self-sufficiency and must depend heavily on food imports. The UAR and Kuwait have extremely limited natural resources with which to expand farm output, while expansion in Jordan is linked largely to the rate of increase of land under irrigation. Technological advances will bring some gains to all three countries, but they will continue to be importers of basic foods.

The other two countries—Iraq and Syria—are usually surplus producers of major food items, and they have the potential to further expand production, not only by modernization of farm practices but by extension of the area in crops.

The UAR, Jordan, and Kuwait, with a combined population of approximately 30 million, could absorb Syria's and Iraq's surplus grains, livestock, and livestock products. Syria, in exchange, would take increasing quantities of Egyptian rice and some citrus.

It is also believed that this increased economic activity in the area could motivate the Governments of Syria and Iraq to accelerate their economic development programs. And undoubtedly, all of the countries will benefit from the free movement of persons from country to country, especially of technicians skilled in agriculture and complementary industries, of which there is a general shortage in the area.

Impact on U.S. trade

U.S. agricultural exports to the area vary greatly from year to year, as much of its local production is subject to wide fluctuations because of weather conditions.

In 1963, the United States shipped the five countries $176 million worth of farm products. Wheat was the leading item, followed by vegetable oils, tallow, tobacco, and dairy products. These commodities were largely exports that were shipped under Public Law 480. By country, the value was as follows:

	1962	1963
	Mil. dol.	*Mil. dol.*
Iraq	3.3	5.4
Jordan	11.0	16.8
Kuwait	4.6	4.0
Syrian Arab Republic	15.8	.5
United Arab Republic	171.2	149.3
Total	205.9	176.0

No immediate impact on U.S. trade with these countries is expected to result from the formation of this new Market. However, if the union is successful, other members of the Arab League may find it advantageous to join the group. But even so, only greatly increased agricultural output could diminish their needs, and such gains are not achieved overnight.

—CLINE WARREN
Foreign Regional Analysis Division
Economic Research Service

A Forward Look At Israel's Farm Imports and Exports

By VOLORUS H. HOUGEN
U.S. Agricultural Attaché, Tel Aviv

Israel, once strictly a Public Law 480 outlet, is buying more and more U.S. farm products for dollars—a trend that is expected to accelerate in coming years. Prospects for increasing dollar purchases appear especially good for U.S. grains, soybeans, cotton, rice, tobacco, and meat.

Outlook for grains, soybeans

Israel's per capita consumption of *wheat* has decreased as caloric intake of proteins and fats has increased, but requirements should rise somewhat with population growth. Production is expected to average about 80,000 metric tons per year, leaving an import requirements of about 290,000 metric tons. In the past, the largest part of the country's wheat import has come from the United States, with both U.S. hard and semihard wheat well established there.

Feed grain production is not expected to rise above an average of about 115,000 metric tons per year because of competition from other crops for land and water. As a result, the market for *corn, sorghum,* and *barley* should increase from the present annual average of about 400,000 metric tons to about 600,000.

In 1964, the United States sold in Israel 176,000 metric tons of these grains for dollars and 144,000 under Title I. These were the largest dollar sales and the smallest Title I sales in recent years. Major U.S. competitors have been Argentina, Turkey, and Cyprus.

Soybean imports have increased tremendously since the mid 1950's—from less than 45,000 metric tons in 1956 to 260,000 forecast for 1964. This growth, which can be laid largely to promotion under the U.S. market development program, is expected to taper off somewhat in coming years, and imports will likely stabilize at around 260,000 tons a year. The United States—traditionally the major source for soybeans—should continue to dominate the market.

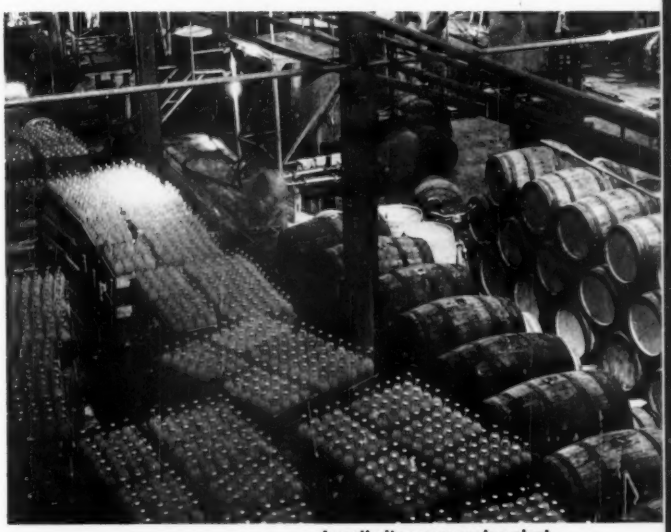
Limiting the market potential for soybeans in Israel is the livestock industry's inability to expand materially because of the small amount of land suitable for forage production and grazing. It is estimated that larger soybean imports will supply Israel's needs for the oil—which as in the United States is a byproduct—and it is probable that only U.S. soybean oil available for local currency under Title I will continue to be imported.

Potential for other products

Israel now imports about 200 metric tons of Virginia *tobacco* and 1,000 of oriental per year; however, the demand for Virginia tobacco is increasing. The United States —currently the major source for imports, both cash and Title I—is expected to supply this market in coming years on a dollar basis only.

Israeli imports of *rice* are forecast to increase by 5,000 metric tons annually during the next several years from the current level of 15,000 tons. The United States now accounts for over half these imports, but because of exchange problems, Israel's desire to increase trade with Asia, and other considerations, Asian rice may become more important in the market.

Cotton import requirements will not change much from the current 10,000 metric tons a year, unless—as seems unlikely—Israel finds an increased market for its manufactured cotton and textiles. The United States now supplies about half the imports and should stay in this position.



Israeli citrus processing plant

In coming years, Israel will probably up its purchases of *butter, cheese,* and *nonfat dry milk* by about 40 percent from the current annual level of around 5,600 metric tons. Largest gain is expected to be in butter and cheese. Any increase in dairy trade should be a boon to the United Stats, as it now dominates this market, selling dairy products there both commercially and under P.L. 480. Other suppliers are the Netherlands, Denmark, and Australia.

Demand for *beef* is increasing more rapidly than production, and Israeli imports of it are expected to be as large as 25,000 metric tons in 1965, of which about 3,000 will be from the United States under Title I. Beef imports during 1964, at about 19,000 tons, were double 1962's.

Beef imported by Israel must be slaughtered under Israeli rabbinical supervision, and U.S. cash sales will hinge on its supply of beef of the type preferred, coupled with its ability to compete with other suppliers. Currently, the United States is handicapped by Israel's preference for lean beef from traditional sources—Argentina and Yugoslavia—as well as by the stiff export competition from these and other nations, having trade agreements with Israel.

Israeli export products

Israel hopes to increase exports of fresh and processed fruits—major exports competitive with U.S. products in the foreign market—from 500,000 metric tons to 800,000 per year within the next several years. To accomplish this goal, the country is spending about $1.5 million per year on foreign market development, with emphasis on high-quality citrus products and supply during off-seasons. Western Europe is its major market.

Israel's exports of eggs are likely to continue to decline, while those of bananas, raw cotton and textiles, fresh fruits other than citrus, and vegetables are not expected to change significantly.

Market Development and Its Impact on Exports and Exporters

The foreign market development program for U.S. farm products has, since it became active in 1956, been an important factor in the growth of this country's dollar exports of such products, in developing new sales markets, and in the expansion of export activities by U.S. farmers and firms.

The sharp increase in volume and value of commercial exports since P.L. 480 and the market development program began is common to virtually all major U.S. agricultural export commodities. There are a few exceptions, such as dairy products, which face extremely strong competition from traditional dairy exporting countries. In general, however, exports of the commodities being stressed in our market development program show a strong uptrend since 1956.

Feed grains, rice, and wheat

In feed grains, dollar exports have increased from $147.1 million in 1956 to an estimated $734 million in 1963-64, an increase of 398 percent. The feed grain industry has been active in market development for several years —principally in Europe and Japan. Growing demand for livestock products in many areas is helping. A good illustration of this program is in Japan, to which exports have increased sharply over the past 3 years.

Commercial exports of rice have increased from $41.3 million in 1956 to $133 million in 1963-64, or 222 percent. After the loss of the biggest U.S. rice market, Cuba, promotion started in Europe with trade fair exhibits even before rice imports were permitted. As soon as trade was liberalized, the rice industry pressed hard. There are active programs in most West European countries, plus South Africa. Rice exports to the United Kingdom more than doubled between 1960 and 1962 and are still increasing.

Wheat and flour exports for dollars increased from $167.5 million in 1956 to $585 million in 1963-64, or 249 percent (partly because of unusual demand from Western Europe and the USSR, due to poor crops there). Looking at the total picture on wheat, the major job in the big cash markets is to work with the trade and, in certain markets, consumers.

Poultry, hides, and skins

Commercial poultry meat exports are up from $11.9 million in 1956 to $60 million in 1963-64, or 400 percent. This industry started almost from scratch in building an export market. The cooperator opened offices, conducted public relations campaigns, brought buyers to this country, and encouraged sellers to go abroad. The United States was soon supplying 36 percent of Germany's imports; 51 percent of Switzerland's; and sizable quantities in other countries.

In 1961-62, total U.S. poultry exports reached $81 million. The drop since has been the result of a reduction in our exports to Western Europe because of restrictive Common Market regulations. The poultry industry has now expanded its promotional efforts to new areas, including Japan, Hong Kong, Austria, and Greece.

Exports of hides and skins for dollars increased from $58.8 million in 1956 to $81 million in 1963-64, or 37 percent. The principal market development program is in Japan. Exports to the Japanese market have expanded sufficiently to remove the price differential that hides sold on the west coast had historically suffered in comparison with the Chicago market. This has meant an increase of from $1.50 to $3.00 per head on all cattle sold by west coast farmers.

Fruit, cotton, and tobacco

Dollar fruit exports have increased from $196.3 million in 1956 to $274 million in 1963-64, or 39 percent. The citrus industry has been active in market development in Europe as have the prune and raisin industries. The canned fruit industry and the fresh cranberry industry have recently become active.

Commercial cotton exports have increased from $160.6 million in 1956 to $531 million in 1963-64, or 230 percent. The cotton market development organization is working primarily in 13 countries in Europe, plus Japan and Canada. Emphasis is on increasing consumer demand for cotton products and on offsetting the inroads of synthetic fibers. A recent evaluation by a team of outside experts reported that textile leaders in Europe are now convinced that cotton can be successfully promoted in the face of strong competition from manmade fibers.

Cash tobacco exports have risen from $322.6 million in 1956 to $387 million in 1963-64, or 19 percent. The tobacco industry has undertaken market development work with excellent results in several countries, particularly in Japan. In tobacco, the United States is hard pressed to hold its own against the inroads of competition, particularly from Rhodesia's growing output.

Soybeans and products

Commercial soybean and soybean product exports have increased from $217.8 million in 1956 to an estimated $727.3 million in 1963-64, or 234 percent. This was one of the earliest market development programs to get started and is one of the largest.

Iran is an example of how exports have expanded under this program. In 1959, when the soybean market development program started in Iran, Iranian imports of U.S. vegetable oils were 2,415 tons. This past year they were 31,303 tons, making Iran one of the largest overseas dollar markets for U.S. vegetable oils.

During the past marketing year, oilseeds and oilseed products (including cottonseed oil and meal) returned more dollars to the United States than any other agricultural product group.

Potential in developing new markets

In approving market development projects, chief emphasis is placed on dollar markets or on countries which are expected shortly to become dollar markets. Projects are approved in less developed countries on a second priority basis.

Market development work in less developed countries has a number of different purposes.

Since products exported under the special U.S. Government programs

are often new to the importing countries, technical information must sometimes be provided to importers, processors, and governments in buying, processing, and handling U.S. commodities. This is necessary to assure proper use of the commodities and to guard against the bad impression that improper preparation and use might create in the minds of many.

Technical assistance

For example, U.S. cotton technicians have worked with the trade in India, Pakistan, and other Asian countries to help solve processing problems connected with U.S. cotton received under the P.L. 480 foreign currency program. This work has been instrumental in creating a better image for U.S. cotton in the Far East.

The soybean industry is doing similar work in Turkey as well as in Iran, Pakistan, Egypt, and several Latin American countries to bring about greater use of U.S. soybean oil in margarine and table oils.

Bakers' schools in Latin America and other less developed areas have proved an important tool in gaining acceptance for U.S. wheat and flour.

Introducing new foods

There is frequently a need, also, in the less developed countries for public education to obtain necessary acceptance of unfamiliar products being received under U.S. export programs.

One of the most active programs of this type is the use of mobile units in India and Pakistan to introduce wheat foods to the traditionally rice-eating people of these countries. This program is patterned after the successful use of kitchen buses to popularize wheat in Japan.

In Peru, Colombia, and other Latin American countries, school children who get most of their energy foods in the form of beans are learning to like bread made from U.S. wheat through pilot school lunch programs conducted by U.S. wheat producers. U.S. wheat is also being introduced to new Latin American consumers in the form of bulgur—a cracked wheat product distributed under government programs.

It is important to keep in mind that the underdeveloped countries of today are the developed countries of tomorrow, and market development can play a role in making the transition from buying under government programs to buying for dollars. Other U.S. Government programs help also. This transition has already taken place in several countries to a noteworthy extent.

Perhaps the outstanding example is Japan. In the early years of P.L. 480, Japan bought large amounts of U.S. farm products and paid for them with Japanese yen. In the 1955 and 1956 fiscal years, Japan used this means of financing nearly $150 million worth of its requirements of wheat, flour, rice, cotton, feed grains, and tobacco.

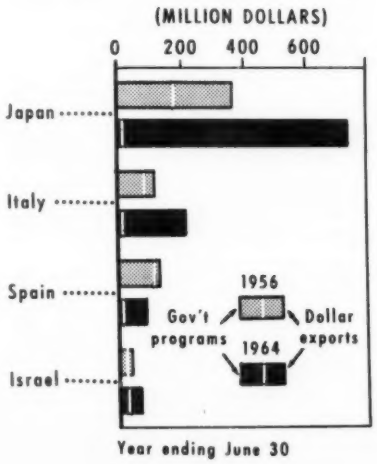
From P.L. 480 to dollar basis

Japan's recovery and growth since that earlier period have been called an economic miracle. Several years ago, Japan was able to switch over from importing farm products under our special export programs to importing on a commercial dollar basis. Also, the country's foreign exchange position has improved so greatly that it has been able to discontinue some import controls based on earlier balance of payments problems.

Not only was P.L. 480 aid a factor in economic recovery but the fact that these products were purchased in the United States served to acquaint the Japanese market with a large variety of U.S. farm products, their quality, and dependability of supply.

Today, Japan is buying U.S. products for dollars to the extent of more than a half-billion dollars worth a year—nearly twice as much as in the early 1950's. It has ranked either first or second among U.S. agriculture's dollar customers during the past few years. In 1963-64, it was first.

U.S. Farm Exports to Developing Markets
—their growth since 1956



Italian success story

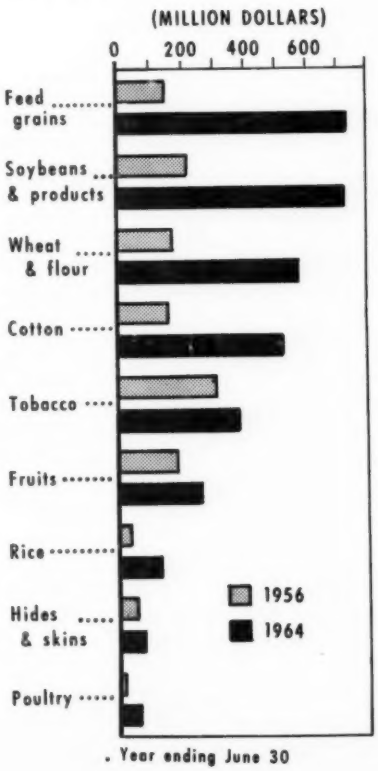
Italy is another P.L. 480 and market development success story.

Between 1955 and 1960 the United States shipped Italy approximately $140 million worth of cotton, fats and oils, tobacco, feed and feed grains, and wheat and flour under Title I, P.L.480. About two-thirds of the Italian currency received was loaned back to the Italians for economic development projects, and the rest was used by the United States to pay the cost of various overseas operations including market development.

These imported commodities and other economic aid from the United States, along with general European prosperity, helped launch Italy's economy on a period of dynamic growth that has greatly expanded the demand for U.S. agricultural products.

In fiscal 1964, the United States exported $207.8 million worth of agricultural products to Italy for dollars, principally feed grains, cotton, oilseeds, animal fats and oils, tobacco, wheat, and flour. This is nearly seven times as much as our dollar exports to

Dollar Exports of U.S. Farm Products
—their growth since 1956



Italy at the time the P.L. 480 program got underway.

Ten years ago, Spain was an extremely poor market for the products of American farmers. Sales were less than $10 million a year. Since then, large quantities of U.S. farm commodities obtained under P.L. 480 have been important in the country's economic development.

Today, Spain is a large dollar buyer of U.S. farm products, chiefly wheat, soybean oil, cotton, corn, and wheat. During fiscal year 1964, its dollar purchases of U.S. farm products totaled $79.8 million—an increase of about $70 million over the past decade.

In addition to the successful market development work being done in Spain by the U.S. soybean industry, effective work is also being done by trade groups representing U.S. feed grains, poultry, cotton, wheat, and tallow.

Israel's growing dollar imports

Israel, although it is still receiving some commodities under Title I, is also increasing its dollar purchases of U.S. farm products, chiefly feed grains, soybeans, and vegetable oils. Sales of U.S. agricultural commodities to Israel for dollars in 1954 amounted to only $2 million. During fiscal year 1964, the country's dollar purchases of U.S. farm products totaled about $45.5 million—an increase of $43.5 million over the past decade.

An example of the successful market development effort in Israel is the increase in dollar sales of U.S. feed grains. During fiscal year 1964 approximately 208,500 metric tons of feed grains were shipped under P.L. 480 compared to 234,000 metric tons during the preceding year, while Israel's cash imports of feed grains from the United States increased from 60,000 to 190,000 metric tons.

Other recipients of Title I assistance now showing promise as dollar markets include Taiwan (Formosa), the Philippines, Iran, and Poland.

An economic official of the Israeli Government recently attested to the importance of U.S. food shipments in building future cash markets for American products. "The P.L. 480 program," he said, "is the 'bootstrap' by which emerging countries can raise themselves into the mainstream of international economic activity."

In addition to its contribution to the increase of dollar exports, there are other accomplishments of the market development program which represent longterm plus values of the utmost importance to farmers and the nation.

More U.S. firms exporting

Back of the 47 U.S. trade associations which are the formal cooperators in the program are the business firms which make the actual sales. Some of these are established firms which have expanded their exports; others are exporting for the first time.

Poultry promotion in Germany brought scores of U.S. poultry processors into the export program. Soybean promotion under this program has been a major factor in the increased merchandising of soybeans and products by U.S. firms in Europe, particularly the southern part. Mixed feed promotion has brought a number of U.S. feed firms into the European market for the first time.

Scores of U.S. businessmen have done missionary work in their industries after serving on survey teams or at trade fairs in the market development program. Many food firms participated in the trade fair program, and more than 100 have done test-selling through this means. Thirty-eight of the firms that have received the government "E" Award for export expansion are agricultural exporters.

Foreign promotion of U.S. products

Through the efforts of more than 200 foreign cooperators plus those of the U.S. cooperators and U.S. firms, a constantly increasing number of foreign firms is being brought into the advertising and promotion of American farm products. Many of the foreign cooperators provide these firms with advertising and promotional materials. Scores of foreign businessmen brought to the United States as members of trade teams have returned home to engage enthusiastically in promotion of U.S. products.

In the United Kingdom, many U.S. food firms and U.K. food distributors have been brought into the program through an American food promotional campaign arranged by the agricultural attaché in the leading metropolitan centers of the country.

More trained export personnel

When the market development program started, U.S. agricultural trade associations had almost no foreign promotional experience and only a few had promotional experience in the United States. Since then they have learned a great deal.

They have learned from the advertising community, from research organizations, from technical experts in marketing, and from U.S. competitors in foreign markets. This know-how is being passed throughout the business community, and the market development organizations in turn are learning from individual business firms.

Today, the more than 700 nongovernmental people who are spending most of their time on overseas market development work for U.S. and foreign trade groups use that knowledge.

Emphasis on access problems

Every major country in the world restricts the importation of agricultural commodities to some extent. Among the devices used to bar or limit access are embargoes, quantitative restrictions, seasonal quotas, import levies, gate prices, and the like. Such barriers must be kept to a minimum if U.S. market development work is to be fully effective. This is essentially a government-to-government operation and it occupies much time of many U.S. officials.

The work of these people is more effective today because of the support of the many private groups and individuals engaged in market development—both in the United States and abroad. These private groups are performing an intelligence function in bringing access problems to the attention of the government. They are also effective in carrying the U.S. point of view to trade and other groups with which they are cooperating overseas.

Export awareness among farmers

The creation of strong market development organizations has helped make farmers more aware than ever before of the importance of exports to their economic well-being. Producers are strongly represented in all major cooperating organizations. Reports on market development activities reach them through organization house organs, through extension service representatives, and farm press, radio, and other media. This is producing strong farmer support for production research, higher quality standards, and other technical changes necessary to better meet agricultural export needs.

Adjustment of trade practices

Not only farmers but agricultural product processors and handlers are

doing more to adjust to the demands of the export market. A freight rate adjustment by the American railroads strongly backed by the wheat industry was a major factor in our ability to develop the Japanese market for hard wheat from this country.

The combination truck-rail "piggyback" method of moving refrigerated cargoes domestically is being converted into a truck-ship system for exports, so that Florida fruit, for example, is now moving to Switzerland without ever being unloaded. U.S. processors are also adjusting to export needs in such areas as packaging, labeling, and foreign currency pricing.

Better quality export standards

The Department of Agriculture, at the urging of the FAS wheat cooperators and others, has recently taken a specific action of great importance in this area. It has tightened official U.S. standards for grades of wheat as a means of increasing dollar sales in overseas markets.

U.S. wheat users normally buy on the basis of a sample and can see the quality of the grain they are getting. Foreign buyers, who must usually buy on the basis of U.S. Government grades, had complained that they found U.S. grade standards too broad to serve as a satisfactory guide to soundness or cleanliness. This has too often meant a discounted price for U.S. wheat or loss of a sale.

The new standards, which became effective June 1, mean less dirt, foreign matter, and dockage in American wheat. As a result, quality factors of weight, soundness, and cleanliness can be more readily and more precisely measured than in the past. This should improve the competitive position of U.S. wheat in world markets —where competition will intensify in the future—and help combat increasingly restrictive trade policies in some areas which affect U.S. exports.

Better export research

Eight years of research on export problems both here and abroad have developed large amounts of useful data. It ranges from highly technical information to broad economic analyses and consumer preference studies.

For example, a year's study was made by two Japanese technicians brought to the U.S. oilseed laboratory at Peoria, Illinois, to determine whether U.S. soybeans could be used to make *miso* and *tofu*—traditional Japanese foods—that would be as acceptable to Japanese taste as those made from the Asiatic beans historically used. As a result of this successful study, selected varieties of U.S. soybeans are now being sold to the Japanese for this purpose.

The cotton industry sponsored an extremely useful analysis of all the end uses for cotton and their demand elasticity in various foreign markets.

An important study was made of canned fruit in the London market, comparing U.S. fruit with its competitors as to quality, can size, damage to cans, and can fill. A fruit technician accompanied a shipment of fresh fruit from the Pacific coast to Europe to determine changes taking place at various stages of the trip.

Major research has also been done on behalf of feed grains, tobacco, wheat, and other products.

Appreciation of U.S. products abroad

The market development program has made it possible for millions of people—the consuming public and the trade—in all the industrialized nations of the world to see, taste, and touch the many food and other agricultural products of the United States. For many of them, it was the first opportunity to do so. The growing reputation for quality of U.S. food and agricultural products is an asset that should pay off for years to come.

The trend of U.S. agricultural exports has been almost continuously upward in recent years. Total farm exports are reaching new highs, chiefly because of the growth in commercial sales.

The economic interest of the whole United States in this situation is enormous. It eases the supply pressures on U.S. farm prices. It reduces carryover storage costs. It provides profits and wages in the many industries that service agricultural exports —financing, transportation, storage, and many others. It helps bring in cash to offset the continued outflow of dollars and gold from the country and to improve the U.S. balance of payments situation.

Even though the market development program initiated under P.L. 480 is only 10 years old and has not yet reached its full potential, the farm producer and trade associations cooperating in it can be justly proud of the contribution they are already making to the nation's well-being.

Canadian Official Calls for Greater Sales Effort in U.K.

Pointers on how to sell more of Ontario's pulses, vegetables, and fruits in the United Kingdom were given by the Canadian Province's Minister of Agriculture on his return from a recent survey trip, according to Acting U.S. Agricultural Attaché John C. McDonald in Ottawa.

"There appears to be a market for white beans in Britain almost for the asking—for thousands more bushels than we're now selling," the Minister is quoted as saying. "Our export chances appear brighter with this crop than with almost any other."

He warned that a selling job must be done to take advantage of the market potential, and that supplies must be dependable.

"We've been exporting beans only when we have a surplus. That's always too late in the season and is no way to develop a profitable market. We must grow for a market, not just market what is grown," he said.

The Minister also called for uniformity in sizing of onions in order to obtain more than Canada's present one-third share of the U.K. market. Price cutting between Canadian companies selling tomato juice in the British market was hurting exports.

"Currently, our apples are extremely popular on the British market," he said, "but we should be able to sell even more. There'll be a good market for canned peaches, but only a very limited one for fresh peaches due to shipping costs." The Minister was particularly optimistic about the market opportunity for cherry pie filling in cans holding enough for only one pie. He called the market for this product "growing and substantial."

Tea Promotion Group Formed

India and Ceylon—the two largest tea-producing countries in the world—plan to set up a joint Tea Commission to promote tea sales in foreign markets. These two countries supplied almost 65 percent of the United States' tea requirements in 1963.

Ceylon derives two-thirds of its total foreign exchange earnings from tea sales; India, about one-fifth.

USSR Importing Pork From West Germany, Denmark

Several West German firms have concluded contracts with the Soviet Union for the delivery of frozen hog sides during the first 5 months of 1965. It is reported that the sales will involve 150,000 hogs.

Most West European countries have large supplies of pork, so that efforts to relieve the pork surplus by exporting hogs and pork from West Germany to other Western countries have met with little success. The export payment rate was increased sharply on October 1 and moderately on January 1.

In late 1964, the USSR contracted for large amounts of frozen pork from Denmark for delivery this winter. The Danish shipments will be equivalent to around 225,000 head of hogs.

New Zealand Meat Shipments to the United States

Four ships are scheduled to leave New Zealand during January with 8,064,000 pounds of meat for the United States—3,584,000 pounds for the West Coast and 4,480,000 for the East Coast.

Ship	Sailing date	Destination	Quantity
			1,000 pounds
Arcadia	January 3	West Coast	112
Monterey	8	do	336
Crusader	19	do	3,136
Gloucester	January 30	East Coast	4,480

Japan Announces Final Rice Crop Estimate

The final estimate of Japan's 1964 rice crop, released December 25, is 15,728,000 metric tons of rough rice compared with 16,015,000 in 1963. This is 229,000 tons less than the previous estimate, and 884,000 below the first forecast of 16,612,000 released early in the season when a record crop was in prospect.

Although 533,000 tons of rough rice below the 1962 record production of 16,261,000, the crop is the fourth largest ever harvested and 900,000 tons, or 6 percent, above average production in 1956-60.

The 1964 crop losses resulted from a long period of cold, wet weather in Hokkaido, a typhoon that passed through central Japan in September, and prolonged rains in late September and early October throughout most of the country.

Canadian Egg Supports Unchanged

The Canadian Agricultural Stabilization Board has announced that the support price for eggs will be continued at 34 Canadian cents a dozen in the 1964-65 marketing year which began October 1. The price guarantee applies to Grade A Large, Extra Large and Medium, up to a maximum of 4,000 dozen per producer.

The Federal Government is required by the Agricultural Stabilization Act of 1958 to support egg prices to the extent of at least 80 percent of the average market price for the preceding 10 years. The current support level was 90.7 percent of the base price in 1962-63, 92 percent in 1963-64, and 94.1 percent in the current season.

During the 1963-64 market year, the national weighted average price across Canada was 32 Canadian cents a dozen in 1963-64, resulting therefore in a deficiency payment of 2 cents per dozen to registered producers. Since announcement of the payment, some C$760,000 has been paid out. The Agricultural Stabilization Board estimates that total payments for marketing year 1964-65 will be C$1,500,000.

Austria's Cheese Exports Up

Austria exported 11 million pounds of cheese in the first half of 1964—an increase of 14 percent over shipments in the same period of 1963. Italy, which accounts for close to 80 percent of Austria's cheese trade, upped its purchases by 1 million pounds to 8 million. Shipments to the United States were slightly above those of the earlier year, but were still under 1 million pounds. Most of the remaining exports went to Belgium, West Germany, Switzerland, and the United Kingdom.

Butter exports, at 5 million pounds, were down 18 percent from a year ago. Most of this decline was due to a reduction in trade with the United Kingdom—the main market—which purchased 3 million pounds as compared with 4 million a year earlier. Sales to Italy dropped from 2 million pounds to 782,000. There was some recovery in trade with Switzerland during January-June 1964, when sales were 587,000 pounds, in contrast to 7,000 in the same months of 1963.

Japan's Imports of U.S. Poultry Rise

At approximately 8.5 million pounds, Japan's January-October 1964 imports of U.S. poultry meat were well above the 1.3 million pounds for the comparable 1963 period and the 7.3 million for all of 1963.

As in 1963, the United States was the major supplier, accounting for 94 percent of the Japanese market. Japan has shown increased interest, however, in poultry meat from other countries, notably Denmark and Mainland China. These two countries supplied 61,729 and 44,092 pounds respectively in the first 10 months of 1964.

Japan, Mainland China Agree on Soybean Prices

Japan and Mainland China finally have reached a decision on the price to be paid for imports of Chinese soybeans into Japan during January-March 1965.

The price for the 80,000 metric tons specified for the 3-month period in the agreement reached at the Liao-Takasaki (L-T) conference held in Tokyo in October 1964 (*Foreign Agriculture*, Dec. 14, 1964) will be £39.15 (US$111.30) per ton, f.o.b., with shipments to be made as follows: January, 20,000 tons; February, 30,000; and March, 30,000.

This price is estimated to be the equivalent of US$117.80 c.&f. basis. Reports indicate that it may not be attractive to Japanese users.

An earlier disagreement on how the March shipments

of soybeans would be handled has not been completely resolved. Japan had insisted on purchasing all soybeans on an f.o.b. basis, while Communist China wanted a c.&f. basis. Apparently as a compromise, it was agreed that some of the shipment—reportedly about 10,000 tons—would be made on a c.&f. basis, but it has not yet been decided which country will provide the ships for these beans. The Japanese are said to prefer that even the c.&f. deliveries be made in their ships, so that better control can be maintained.

Fishmeal Production and Exports by FEO Members

Production and exports of fishmeal by the six member countries of the Fishmeal Exporter's Organization (FEO) during the first 9 months of 1964 increased 29 and 35 percent, respectively, from the levels of January-September 1963.

The six member countries account for over 90 percent of the world exports of fishmeal. Peru, the world's leading producer, accounted for 67 percent of total exports by FEO countries in January-September 1964, the Republic of South Africa 10 percent, Norway 9, Chile 6, Iceland 5, and Angola 3.

PRODUCTION AND EXPORTS OF FISHMEAL BY FEO COUNTRIES, JANUARY-SEPTEMBER 1963 AND 1964

Country	Production		Exports	
	1963	1964	1963	1964
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
Angola	17.4	42.1	17.7	43.0
Chile	75.0	114.2	79.0	105.6
Iceland	77.3	102.3	56.6	90.1
Norway	102.1	146.9	56.6	141.9
Peru	826.7	1,059.4	881.1	1,098.6
South Africa	216.1	231.4	125.8	168.5
Total	1,314.6	1,696.3	1,216.8	1,647.7

Fishmeal Exporter's Organization, Paris.

Greece May Import Cottonseed

The Greek Ministerial Economic Committee on December 8, 1964, discussed the matter of importing 50,000 metric tons of cottonseed, according to a Greek press report. The final decision was to be made at the next meeting of the committee.

In view of Greece's short 1964 cotton production, it is estimated that about 100,000 tons of cottonseed will be made available to the seed oil industry, which requires annually about 150,000 tons to meet domestic requirements of seed oil and cottonseed cake; the latter is widely used for livestock feed. A deficit of 50,000 tons will need to be covered through imports. The processing of 50,000 tons of cottonseed reportedly will yield some 5,500 tons of cottonseed oil.

Indonesia's Exports of Copra and Palm Products

Registered exports of copra from Indonesia during the first 8 months of 1964 totaled 111,204 long tons—40 percent above the 79,713 for January-August 1963. Copra exports in August amounted to 15,065 tons compared with 25,612 in July.

Registered exports of palm oil in January-August totaled 80,985 short tons as against 75,162 in the first 8 months of 1963. Shipments of palm kernels rose to 31,561 tons from 21,448.

Uruguay Purchases Sunflower Oil

The Government of Uruguay late in November purchased 1,300 metric tons of crude sunflowerseed oil, after issuing tenders for 20,000 tons of sunflowerseed, 15,000 of unshelled peanuts, and 5,000 of crude soybean oil, crude peanut oil, and crude sunflowerseed oil, and after receiving offers from various sources. Origin of the 1,300 tons of sunflowerseed oil was to be Rumania, Bulgaria, or Russia, at the option of the seller. The prices paid were $310 per metric ton c.&f. for 1,000 tons and $325 for the remaining 300 tons.

The purchase was made because of the shortage of edible oils in Uruguay, resulting from the sharply reduced sunflowerseed crop of 1964. At 63,400 tons, the crop was over one-fourth less than that of the previous year.

Uruguay imported no edible oils during 1961 or 1963 and only 95 tons of soybean oil and 44 tons of cottonseed oil, all from the United States, in 1962. No additional purchases are expected to be made before the new harvest in March-May 1965, and whether purchases will be made then will depend entirely on local production.

Weather conditions were good during the new crop planting season, which ended in December. However, the wheat acreage for the crop now growing in the fields was expanded by more than 150,000 hectares (370,650 acres) from a year earlier. It is undetermined to what extent, if any, this expansion may have reduced the sunflower acreage. Ranchers are traditionally reluctant to plow up permanent pasture areas to plant any kind of cultivated crop.

Burma Sesameseed Output To Increase

Burma's sesameseed production in 1964-65 is unofficially forecast at 70,000 long tons from a sown acreage about as large as that of the previous year. Production, in 1963-64, officially estimated at 53,000 long tons from a sown acreage of 1,606,000 acres, was relatively small owing to unfavorable weather conditions.

Tunisia's Olive Oil Exports Climb

Tunisia's exports of olive oil during the 1963-64 marketing season (November 1 to October 31) totaled 43,928 metric tons compared with 29,655 in 1962-63 and 56,259 in 1961-62. Of the 1963-64 total, 26,236 tons were destined for France, 5,366 for Italy, 3,713 for Libya, 2,050 for Czechoslovakia, 1,596 for Poland, and 1,448 for the United States.

Ontario's Flue-cured Auction Prices Strong

Auction sales of the 1964 Ontario flue-cured tobacco crop in Canada through December 18 totaled 54.0 million pounds at an average price of 58.6 Canadian cents per pound. All auction warehouses closed for the holiday season following the end of sales on December 18 and were scheduled to reopen again on January 4, 1965. Slightly over 41 percent of the 1964 Ontario flue-cured crop was sold by December 18.

Average weekly auction prices for this season have advanced 5 Canadian cents per pound. The average weekly auction price for the sixth week was 60.9 cents per pound, compared with 59.5 cents for the fifth week, 57.9 cents for the fourth week, 57.6 cents for both the third and second

weeks, and 55.8 cents for the first week. The highest daily average price on record was 61.6 cents per pound recorded on Wednesday, December 16, 1964. The largest sale in a single day was 2,396,000 pounds, sold on Thursday, December 17.

Colombia Tobacco Exports Set New Record

Colombia's exports of unmanufactured tobacco during the first half of 1964, at 25.5 million pounds, were 3.4 percent larger than the 24.6 million pounds shipped abroad during all of calendar 1963. Substantially larger shipments to the United States accounted for most of the increase.

Exports to the United States during the first half of 1964 totaled 13.4 million pounds, compared with 5.8 million for the same period in 1963 and 8.7 million for calendar 1963. Shipments to West Germany rose to 4.4 million pounds from 3.3 million for the January-June 1963 period, whereas exports to France, Spain, and the Netherlands were down.

COLOMBIA'S EXPORTS OF UNMANUFACTURED TOBACCO

Destination	January-June		
	1962	1963	1964 [1]
	1,000 pounds	*1,000 pounds*	*1,000 pounds*
United States [2]	4,808	5,843	13,374
Germany, West	3,100	3,295	4,390
Spain	1,007	2,792	2,032
France	493	5,713	2,030
Netherlands	447	1,038	1,007
Morocco	678	713	712
Tunisia	(3)	(3)	585
Others	3,576	771	1,327
Total	14,109	20,165	25,457

[1] Preliminary; subject to revisions. [2] Includes Puerto Rico. [3] If any, included in others.

Revista del Banco de la Republica, August 1964.

Canadian Cotton Consumption High

Canadian cotton consumption, based on the number of bales opened by mills, was 39,594 bales (480 lb. net) in November, compared with 40,400 in October and 37,494 in November of 1963. Consumption during the first 4 months (August-November) of the current season totaled 157,042 bales, 5 percent above the 149,599 opened in the same period of 1963-64, and 20 percent above the average consumption of 131,000 bales in the first 4 months of the past five seasons.

Raw cotton imports into Canada in the complete 1963-64 season (August-July) totaled 466,000 bales, 98 percent of which was U.S. cotton. In 1962-63, total imports were 331,000 bales, 88 percent of which came from the United States.

Mill activity continues at a very high level, and expectations are for a continuation of this trend into 1965. However, the United Kingdom's new 15-percent surtax on textiles may cut into Canada's exports of textiles to the British market.

U.S. Cotton Exports Continue Below a Year Ago

U.S. exports of all types of cotton amounted to 982,000 running bales in the first one-third (August-November) of the 1964-65 season. This was 35 percent below the 1,520,000 bales exported in the same period a year ago.

Exports in November totaled 388,000 bales, 23 percent below the 501,000 exported in November of 1963. October exports were 290,000 bales, compared with 384,000 in October of 1963.

U.S. COTTON EXPORTS BY COUNTRY OF DESTINATION
(Running bales)

Country of destination	Year beginning August 1				
	Average 1955-59	1962	1963	August-November 1963	August-November 1964
	1,000 bales	*1,000 bales*	*1,000 bales*	*1,000 bales*	*1,000 bales*
Austria	33	13	23	4	3
Belgium-Luxembourg	160	72	176	38	30
Bulgaria	0	0	19	0	0
Denmark	17	13	16	4	2
Finland	22	13	10	3	2
France	360	180	380	116	74
Germany, West	475	101	401	137	95
Hungary	0	0	18	0	0
Italy	416	192	441	137	101
Netherlands	124	71	127	33	11
Norway	10	10	14	4	4
Poland & Danzig	85	62	132	46	40
Portugal	28	7	35	5	5
Spain	171	(1)	14	(1)	1
Sweden	75	56	88	27	19
Switzerland	64	37	95	35	31
United Kingdom	525	139	286	86	39
Yugoslavia	108	113	78	4	42
Other Europe	17	3	20	0	5
Total Europe	2,690	1,082	2,373	679	504
Australia	54	41	91	26	18
Canada	217	271	448	117	79
Chile	35	24	2	1	(1)
Colombia	33	1	14	4	0
Cuba	27	0	0	0	0
Ethiopia	4	15	9	1	0
Hong Kong	134	79	187	45	9
India	184	198	314	40	18
Indonesia	30	51	20	13	22
Iraq	0	0	20	0	0
Israel	16	7	26	2	5
Japan	1,154	895	1,300	370	144
Korea, Republic of	205	236	313	88	84
Morocco	10	8	15	5	5
Pakistan	14	8	8	(1)	0
Phillipines	64	108	140	40	19
South Africa	26	19	37	8	13
Taiwan (Formosa)	153	223	189	36	39
Thailand	4	22	39	16	4
Uruguay	15	0	(1)	(1)	0
Venezuela	2	5	12	3	2
Vietnam [2]	2	36	75	18	7
Other countries	27	22	28	8	10
Total	5,100	3,351	5,660	1,520	982

[1] Less than 500 bales. [2] Indochina prior to 1958. Includes Laos and Cambodia.

Egypt's Cotton Exports At High Level

Egypt's exports of raw cotton during the full 1963-64 season (August-July) amounted to 1,385,000 bales, up slightly from the 1,361,000 shipped a year earlier and the largest since 1959-60.

Quantities exported to major destinations in 1963-64, with comparable 1962-63 figures in parentheses, and in thousands of bales, were the USSR 335 (374), Czechoslovakia 145 (173), India 120 (120), West Germany 97 (55), Japan 96 (63), Italy 77 (62), Mainland China 71 (114), France 63 (46), the United Kingdom 53 (30), Poland 51 (46), Rumania 45 (51), the United States 33 (39), East Germany 32 (40), Switzerland 30 (22), Hungary 23 (34), Spain 20 (1), and Belgium 12 (10).

During the 1963-64 season, Egypt's cotton exports to Communist countries decreased to 714,000 bales, or 52 percent of total shipments, from 844,000 bales, 62 percent of the total, during the 1962-63 period. During the August-October period of 1964, total cotton exports, at 77,000

bales, were about 70 percent of the volume for the comparable period a year earlier; Communist countries took 63 percent of this cotton. Egypt consumed about 615,000 bales in 1963-64, about the same as a year earlier. Consumption this season is expected to reach 675,000 bales.

According to the second official estimate, Egypt's 1964-65 cotton crop reached a near-record 2,271,000 bales (480 lb. net) from an estimated planted area of 1,672,000 acres. This was the largest crop since the 2,281,000-bale crop in 1937 and represented an alltime record yield of 652 pounds of lint per acre.

Mozambique To Increase Sugar Output

The Portuguese Government reportedly has authorized the recently formed Mozambique Development Corporation to open up a large area of land in the Zambesi River Delta for growing sugarcane. The total area forms a triangle which covers 100,000 hectares (247,100 acres) on the northern banks of the river's mouth, encompassing the towns of Quelimane, Chindi, and Villa Fontes.

The Mozambique Development Corporation estimates that its initial production of raw sugar will exceed 250,000 metric tons, or about 25 percent more than current production. According to the contract, the company will lease half the land to the government, which plans to settle individual sugarcane growers in the area. Their cane crop will be purchased and milled by the company.

Domestic consumption requirements in Mozambique amount to about 60,000 metric tons.

Ecuador To Build Cocoa Processing Plants

A $9-million plant to process cocoa is to be built near Guayaquil by two of Ecuador's largest cocoa bean exporters. The plant's capacity is yet to be announced. In addition, a chocolate confectionery firm in Guayaquil is planning to invest $540,000 for the processing of 3,000 metric tons of cocoa products annually. Upon completion, the factories will manufacture cocoa butter, cake, and paste for export.

Brazil and the Dominican Republic are the only other Latin American producers with facilities for manufacturing cocoa products for export. However, most of the major West African producers already have processing plants, and some are building additional facilities.

Malaysia Opens First Sugar Refinery

One of Asia's most modern and largest sugar refineries was opened in Malaysia on December 12, 1964. The company, located in Prai, was formed about 5 years ago as a joint venture between Malayan and Japanese partners. It is well served by water facilities, which are necessary for its bulk handling system for raw sugar, and by rail facilities for the distribution of the refined sugar products.

The refinery is expected to operate three 8-hour shifts and employ more than 400 people. The production aim is 120,000 metric tons annually, which is expected to take care of about 70 percent of the local requirement.

Taiwan Resolves Citronella Oil Export Problem

The Taiwan Government has permitted exporters of citronella oil to honor their forward export sales contracts that were written at levels below the Foreign Exchange and Trade Commission's legal floor price of 70 cents per pound, f.o.b. Taiwan. On October 31, 1964, the Commission had issued a price-and-quota order to exporters to cancel all outstanding previous contracts (which involves approximately 3 million pounds of oil) with any selling prices below the legal level.

In the future, the delivery period for forward sales of citronella oil must be in accordance with the legal floor price level and may not exceed 3 months after the date of establishment of the contract.

Iran's 1964 Raisin Estimate Revised

Iran's 1964 raisin pack estimate has been revised downward from 50,000 short tons to 40,000. If the estimate is accurate, this would be the smallest pack since the 22,000-ton production of 1949.

As a result of the short crop, the domestic wholesale raisin price in November 1964 approximated 15 cents per pound—about 4 cents above the price at the same period in 1963. Exports for the 1964-65 season are currently forecast at 23,000 tons—almost 50 percent below the 44,000 shipped in 1963-64.

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Canadians Survey Their Grain Market Outlook for 1964-65

The Canadian Wheat Board does not expect the Soviet Union to repeat during the 1964-65 crop year the huge wheat purchases it made from Canada last year. Thus, Canada's phenomenal wheat export record of over 550 million bushels for 1963-64 is likely to stand for a while. The Russians may, however, need more wheat (for shipment from Vancouver to Vladivostok) than the 10.6 million bushels they have purchased since the current season began in September.

Prospects for this and other major Canadian wheat markets were outlined recently to the Saskatchewan Farmers Union by C. E. Gordon Earl, the Board's Comptroller-Secretary. Sales to the *United Kingdom*, he reported, should rise to within the range of 90 to 95 million bushels. (They have been in the upper 80 millions for the past 2 years.) The high quality of the U.K. wheat crop will reduce the need for imported filler wheats, but Mr. Earl pointed out that the British will require more Manitobas to maintain quality in the grist.

Japan has increased its own wheat production this year, but it still requires hard wheat, so that Canada does not anticipate any material decline in this market. *Mainland China* bought 37.3 million bushels of wheat for shipment during the last 6 months of calendar 1964, and some of this undoubtedly was delivered after September. China's wheat purchases last season, while sharply down from those of 1962-63, were well in excess of 30 million bushels.

Takings by Canada's principal EEC market—*West Germany*—will probably be below last year's relatively high level of 38 million bushels. Reasons are improved quality in the German wheat crop and the possibility of larger imports from EEC countries.

Referring to eight medium-sized customers, Mr. Earl said that Canada anticipates slightly lower sales to *Belgium* and *France* and a decline also for *Switzerland* (which harvested a good crop). *Czechoslovakia* and *Poland* will buy more Canadian wheat than they did last season, and *Bulgaria* somewhat less. (Last year the countries of Eastern Europe helped to swell Canadian sales to their record total.) Canada hopes for a continued increase in the volume of its wheat used by *Venezuela* and the *Philippine Republic*.

Other markets in 82 countries and territories, Mr. Earl predicted, will purchase about the same volume of Canadian wheat and flour as they did last year, when they accounted for 9 percent of wheat and flour exports. So far during the current crop year, wheat has been sold to India and Pakistan under government aid programs, and flour to British Guiana, Burma, and Ceylon.

Reported on the prospects for coarse grains, Mr. Earl said Canada expects a fairly substantial movement of barley from West Coast ports, and—because of short supplies—a ready market for high-quality malting barley in both the domestic market and the United States. Canada's domestic consumption is increasing, and unless the acreage seeded to barley keeps pace, shortages could develop.

—JOHN C. MCDONALD
Acting U.S. Agricultural Attaché, Ottawa